

April 2019 ADP Jobs, ISM-MF, Mortgage Apps, March Construction Spending

Jobs Numbers Still Looking Good, Other Indicators Mixed

- The ADP Employment Report for April showed an increase of 275,000 private sector jobs.
- The ISM Non-Manufacturing Index for April eased to a still-positive 52.8 percent.
- Construction Spending for March decreased by 0.9 percent.
- Mortgage Applications fell for the fourth week in late April.

Labor market indicators continue to look solid after the weak February payroll gain of just 33,000 net new jobs. According to ADP, a strong 275,000 private sector jobs were added to the U.S. economy in April. This increases expectations for the official Bureau of Labor Statistics data for April due out Friday morning. According to ADP, small businesses (less than 50 employees) added 77,000 jobs in April. Medium sized businesses (50-499 employees) had a strong month adding 145,000 net new jobs. Large businesses added 53,000. Construction companies staffed up, increasing employment by a sizeable 49,000. Manufacturing added 5,000. Professional and business services had a strong month with employment up by 59,000. Education and healthcare employment increased by 54,000. It was a solid report consistent with ongoing momentum in the U.S. economy heading into the summer.

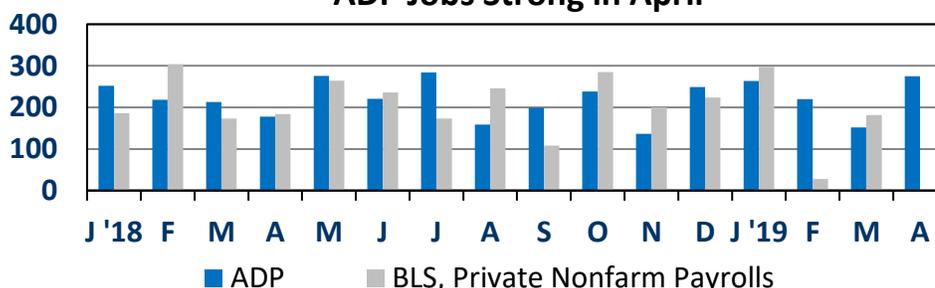
The ISM Manufacturing Index eased in April to a still-positive 52.8 percent, down from 55.3 in March. This was a mixed report for the manufacturing sector and should be taken as a cautionary signal, especially in light of Boeing's recent problems. More bad news at Boeing could exert more drag on the ISM-MF Index. Seven out of ten sub-indexes were positive in April, including new orders, production and employment, but all three of those categories saw slowing activity. New orders fell from a strong 57.4 in March to 51.7 in April, still positive but close to the break-even 50 mark. The sub-indexes for customers inventories, new export orders and imports were all below 50. Thirteen out of eighteen industries reported expansion in April. The five industries reporting contraction were apparel, leather and allied products, primary metals, wood products, petroleum and transportation equipment (likely impacted by Boeing). Anecdotal comments were mostly positive, some cited concerns about the U.S.-Mexico border situation.

Total construction spending in March fell by 0.9 percent, weighed down by a 1.8 percent monthly decline in spending on private residential projects. Spending on private nonresidential projects increased by 0.5 percent. Total public construction was off by 1.3 percent despite a reported surge in state and local government spending in the first quarter GDP data.

Total mortgage applications fell for the fourth consecutive time in the week ending April 26, following a strong run through March. Purchase apps were down by 3.7 percent for the week, after losing 4.1 percent the week before. Refi apps were down by 5.0 percent for the week, their fourth consecutive weekly decline. On a four-week moving-average basis, refi apps are still up by 23.2 percent from a year ago. Purchase apps are up 5.6 percent from a year ago. According to the Mortgage Bankers Association, the rate for a 30-year fixed-rate mortgage eased to 4.42 percent at the end of April, still above the late-March low of 4.36 percent.

Market Reaction: U.S. equity markets opened with gains. The yield on 10-Year T-bonds is down to 2.47 percent. NYMEX crude oil is down to \$63.05/barrel. Natural gas futures are up to \$2.61/mmbtu.

ADP Jobs Strong in April



To subscribe to our publications or for questions, contact us at ComericaEcon@comerica.com. Archives are available at <http://www.comerica.com/insights>. Follow us on Twitter: @Comerica_Econ.